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FINANCIAL REPORT
OF THE
VILLAGE OF PINE PRAIRIE, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/13/08

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INDEPENDENT AUDITOR'S REPORT

To the Board of Alderman
Village of Pine Prairie, Louisiana

I have audited the accompanying basic financial statements of the governmental activities, business-type activities, and each major fund of the Village of Pine Prairie, Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Pine Prairie, Louisiana's, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund of the Village of Pine Prairie, Louisiana, as of December 31, 2007, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

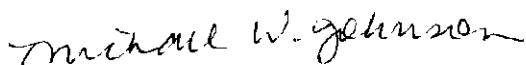
The budgetary comparison information on pages 29 and 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the

methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The Village of Pine Prairie, Louisiana has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

My audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Village's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 25, 2008, on my consideration of the Village of Pine Prairie, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



Michael W. Johnson
Certified Public Accountant

Eunice, Louisiana
June 25, 2008

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF PINE PRAIRIE

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Interest-Bearing Deposits	\$ 388,482	\$ 9,607	\$ 398,089
Receivables, net of \$3,569 allowance	100,884	1,146	102,030
Internal Balances	<u>13,915</u>	<u>(13,915)</u>	<u>0</u>
Total Current Assets	<u>\$ 503,281</u>	<u>\$ (3,162)</u>	<u>\$ 500,119</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Interest-Bearing Deposits	\$ 267,461	\$ 20,816	\$ 288,277
Capital Assets, Net (Note D)	<u>1,568,987</u>	<u>874,980</u>	<u>2,443,967</u>
Total Noncurrent Assets	<u>\$1,836,448</u>	<u>\$895,796</u>	<u>\$2,732,244</u>
Total Assets	<u>\$2,339,729</u>	<u>\$892,634</u>	<u>\$3,232,363</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 7,316	\$ 2,359	\$ 9,675
Payroll Taxes Payable	6,332	196	6,528
Accrued Interest Payable	1,779	695	2,474
Notes Payable	0	570	570
Bonds Payable	<u>44,000</u>	<u>0</u>	<u>44,000</u>
Total Current Liabilities	<u>\$ 59,427</u>	<u>\$ 3,820</u>	<u>\$ 63,247</u>
Noncurrent Liabilities:			
Customers' Deposits	\$ 0	\$ 12,655	\$ 12,655
Notes Payable	0	202,611	202,611
Bonds Payable	<u>383,000</u>	<u>0</u>	<u>383,000</u>
Total Noncurrent Liabilities	<u>\$ 383,000</u>	<u>\$215,266</u>	<u>\$ 598,266</u>
Total Liabilities	<u>\$ 442,427</u>	<u>\$219,086</u>	<u>\$ 661,513</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	\$1,141,987	\$671,799	\$1,813,786
Restricted For:			
Debt Service		4,053	4,053
Street Projects	360,965	0	360,965
Unrestricted	<u>394,350</u>	<u>(2,304)</u>	<u>392,046</u>
Total Net Assets	<u>\$1,897,302</u>	<u>\$673,548</u>	<u>\$2,570,850</u>

VILLAGE OF PINE PRAIRIE

Statement of Activities

For the Year Ended December 31, 2007

	Program Revenues		Net (Expense) Revenues and Changes in Net Assets		
	Fees, Fines, and Changes for Services		Governmental Activities	Business-Type Activities	Total
Governmental activities:					
General government	\$ 193,757	\$ 195,014	\$ 1,257	\$	\$ 1,257
Public safety (Police)	291,363	348,029	56,666		56,666
Streets	263,080		(263,080)		(263,080)
Interest on long-term debt	23,275		(23,275)		(23,275)
Total governmental activities	\$ 771,475	\$ 543,043	\$ (228,432)	0	\$ (228,432)
Business-type activities:					
Sewer	\$ 77,772	\$ 58,445	0	\$ (19,327)	\$ (19,327)
Total business-type activities	\$ 77,772	\$ 58,445	0	\$ (19,327)	\$ (19,327)
Total primary government	\$ 849,247	\$ 601,488	\$ (228,432)	\$ (19,327)	\$ (247,759)
General Revenues:					
Taxes				\$	\$ 92,086
Ad Valorem Taxes			\$ 92,086		239,103
Sales Taxes			239,103		45,448
Franchise Taxes			45,448		2,500
Grants			2,500		26,521
Investment Earnings			14,486	12,035	11,520
Miscellaneous			9,463	2,057	0
Transfers			(115,463)	115,463	
Total general revenues and transfers					
			\$ 287,623	\$ 129,555	\$ 417,178
Change in net assets					
Net assets-beginning			\$ 59,191	\$ 110,228	\$ 169,419
Net assets-ending			1,838,111	563,320	2,401,431
			\$1,897,302	\$ 673,548	\$2,570,850

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

FUND DESCRIPTIONS

Governmental Funds

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds

To account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Proprietary Funds

To account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

GOVERNMENTAL FUNDS

VILLAGE OF PINE PRAIRIE
Governmental Funds
Balance sheet
December 31, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Interest-Bearing Deposits	\$388,168	\$223,296	\$ 44,479	\$655,943
Ad Valorem Taxes Receivable	27,813	32,624		60,437
Sales Tax Receivable	0	29,559		29,559
Due from Other Funds	<u>7,658</u>	<u>39,671</u>		<u>47,329</u>
Total Assets	<u>\$423,639</u>	<u>\$325,150</u>	<u>\$ 44,479</u>	<u>\$793,268</u>
LIABILITIES AND FUND BALANCES:				
<u>Liabilities:</u>				
Payroll Taxes Payable	\$ 5,257	\$ 1,075	\$	\$ 6,332
Due to Other Funds	<u>29,090</u>	<u>4,324</u>		<u>33,414</u>
Total Liabilities	<u>\$ 34,347</u>	<u>\$ 5,399</u>	<u>\$ 0</u>	<u>\$ 39,746</u>
<u>Fund Balances:</u>				
Fund Balances:				
Reserved for:				
Debt Service	\$	\$	\$ 44,479	\$ 44,479
Street Projects		319,437		319,437
Unreserved	<u>389,292</u>	<u>314</u>		<u>389,606</u>
Total Fund Balances	<u>\$389,292</u>	<u>\$319,751</u>	<u>\$ 44,479</u>	<u>\$753,522</u>
TOTAL LIABILITIES AND FUND BALANCES				
	<u>\$423,639</u>	<u>\$325,150</u>	<u>\$ 44,479</u>	<u>\$793,268</u>

VILLAGE OF PINE PRAIRIE
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
December 31, 2007

Governmental funds fund balances
at December 31, 2007

Total net assets reported for governmental activities in the statement of net assets are different because:	\$ 753,522
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,568,987
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(427,000)
Certain assets (such as receivable) are not reported in the fund financial statements because they are not currently available, but they are presented in the statement of net assets.	10,888
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(1,779)
Certain liabilities (such as accrued expenses) are not reported in the fund financial statements because they are not due and payable, but they are presented in the statement of net assets.	<u>(7,316)</u>
Net assets of governmental activities	<u>\$1,897,302</u>

VILLAGE OF PINE PRAIRIE
Governmental Funds
Combined Statement Of Revenues, Expenditures, And Changes
In Fund Balances
For The Year Ended December 31, 2007

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service Fund</u>	<u>Total (Governmental Funds)</u>
Revenues:				
Taxes: Ad Valorem	\$ 60,041	\$ 32,045	\$ 0	\$ 92,086
Franchise	45,448			45,448
Sales		239,103		239,103
Licenses	43,449			43,449
Fines and Forfeits	332,601			332,601
Prison Fees	149,838			149,838
Grants	2,500			2,500
Miscellaneous	<u>24,919</u>	<u>1,698</u>		<u>26,617</u>
Total Revenues	<u>\$658,796</u>	<u>\$ 272,846</u>	<u>\$ 0</u>	<u>\$ 931,642</u>
Expenditures:				
Current:				
General Government	\$172,691	\$	\$	\$ 172,691
Public Safety	274,563			274,563
Street Department		181,008		181,008
Capital Outlay	25,666	9,250		34,916
Debt Service			65,450	65,450
Total Expenditures:	<u>\$472,920</u>	<u>\$ 190,258</u>	<u>65,450</u>	<u>\$ 728,628</u>
Other Financing Sources / (Uses)				
Interest Income	\$ 7,919	\$ 6,024	\$ 543	\$ 14,486
Operating Transfers In		28,226	102,131	130,357
Operating Transfers Out	<u>(88,868)</u>	<u>(156,951)</u>		<u>(245,819)</u>
Total Other Financing Sources/(Uses)	<u>\$(80,949)</u>	<u>\$(122,701)</u>	<u>\$ 102,674</u>	<u>\$(100,976)</u>
Net Change in Fund Balances	\$104,927	\$ (40,113)	\$ 37,224	\$ 102,038
Fund Balance, Beginning Of Year	284,365	408,824	(41,705)	651,484
Prior Period Adjustment	<u>0</u>	<u>(48,960)</u>	<u>48,960</u>	<u>0</u>
Fund Balance, End Of Year	<u>\$389,292</u>	<u>\$ 319,751</u>	<u>\$ 44,479</u>	<u>\$ 753,522</u>

VILLAGE OF PINE PRAIRIE
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended December 31, 2007

Net change in fund balances-total governmental funds	\$ 102,038
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$136,285) exceeded capital outlays (\$34,916) in the current year.	(101,369)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	42,000
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Interest on long-term debt is recorded on the accrual basis in the statement of activities. However, interest is recorded on the modified accrual basis in the statement of revenues, expenditures, and changes in fund balances-governmental funds.	175
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount by which prior year accrued expenses exceeded current year accrued expenses.	<u>16,347</u>
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Change in net assets of governmental activities	<u>\$ 59,191</u>
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PROPRIETARY FUND

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Comparative Statement of Net Assets
December 31, 2007 and 2006

ASSETS:

	<u>2007</u>	<u>2006</u>
Current Assets:		
Cash and Interest-Bearing Deposits	\$ 9,607	\$ 4,770
Accounts Receivable, Net of Allowance for Uncollectible (2007, \$3,569; 2006, \$2,824)	<u>1,146</u>	<u>4,843</u>
Total Current Assets	<u>\$ 10,753</u>	<u>\$ 9,613</u>
Restricted Assets:		
Cash on Deposit for:		
Note Sinking Fund	\$ 4,796	\$ 28,682
Note Reserve Fund	240	8,947
Note Contingency Fund	282	21,889
Customers' Deposits	15,498	14,189
Sewer Plant Corrections	<u>0</u>	<u>274,229</u>
Total Restricted Assets	<u>\$ 20,816</u>	<u>\$347,936</u>
<u>Long-Term Assets:</u>		
Fixed Assets, Net of Accumulated Depreciation (2007, \$400,672; 2006, \$376,964)	<u>\$874,980</u>	<u>\$503,462</u>
Total Long-Term Assets	<u>\$874,980</u>	<u>\$503,462</u>
TOTAL ASSETS	<u>\$906,549</u>	<u>\$861,011</u>

LIABILITIES:

Current Liabilities:		
Accounts Payable	\$ 2,359	\$ 1,890
Payroll Taxes Payable	196	183
Accrued Interest Payable	695	9,688
Notes Payable	<u>570</u>	<u>5,806</u>
Total Current Liabilities	<u>\$ 3,820</u>	<u>\$ 17,567</u>
Noncurrent Liabilities:		
Customers' Deposits	\$ 12,655	\$ 12,005
Notes Payable	<u>202,611</u>	<u>254,204</u>
Total Noncurrent Liabilities	<u>\$215,266</u>	<u>\$266,209</u>

(Continued)

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Comparative Statement of Net Assets
December 31, 2007 and 2006
(Continued)

	<u>2007</u>	<u>2006</u>
Due to Other Funds:		
Due to Sales Tax Fund	\$ 6,257	\$ 6,257
Due to General Fund	<u>7,658</u>	<u>7,658</u>
Total Due to Other Funds	<u>\$ 13,915</u>	<u>\$ 13,915</u>
 Total Liabilities	 <u>\$233,001</u>	 <u>\$297,691</u>
 NET ASSETS:		
Invested in capital assets, net of related debt	\$671,799	\$243,452
Restricted for:		
Debt Service	4,053	44,024
Unreserved	<u>(2,304)</u>	<u>275,844</u>
Total Net Assets	<u>\$673,548</u>	<u>\$563,320</u>

VILLAGE OF PINE PRAIRIE
Comparative Statement Of Revenues,
Expenses, And Changes In Fund Net Assets
Proprietary Fund
For The Year Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating Revenues:		
Charges for Services—Sewer Fees	\$ 58,445	\$ 60,907
Miscellaneous	<u>2,057</u>	<u>1,298</u>
Total Operating Revenues	<u>\$ 60,502</u>	<u>\$ 62,205</u>
Operating expenses:		
Bad Debt Expense	\$ 745	\$ 2,824
Dues & Fees	3,525	3,272
Depreciation Expense	23,708	23,565
Insurance	0	54
Office Expense	3,057	1,313
Repairs and Maintenance	13,339	11,395
Salaries	3,585	11,468
Taxes	444	514
Miscellaneous	4,098	371
Utilities	<u>15,668</u>	<u>14,615</u>
Total operating expenses	<u>\$ 68,169</u>	<u>\$ 69,391</u>
Operating income (loss)	<u>\$ (7,667)</u>	<u>\$ (7,186)</u>
Non-operating revenues/(expenses):		
Interest Revenue	\$ 12,035	\$ 10,762
Interest Expense	<u>(9,603)</u>	<u>(13,094)</u>
Total non-operating revenues/(expenses)	<u>\$ 2,432</u>	<u>\$ (2,332)</u>
Transfers in (outs):		
Operating Transfers In	\$115,463	\$ 9,746
Operating Transfer Out	<u>(0)</u>	<u>(0)</u>
Total transfers in (out)	<u>\$115,463</u>	<u>\$ 9,746</u>
Change in net assets	\$110,228	\$ 228
Net Assets, BEGINNING OF YEAR	<u>563,320</u>	<u>563,092</u>
Net Assets, END OF YEAR	<u>\$673,548</u>	<u>\$563,320</u>

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Comparative Statement Of Cash Flows
For The Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Receipts from customers	\$ 64,199	\$ 62,432
Payments to suppliers	(49,387)	(32,958)
Payments to employees	(3,585)	(11,468)
Net cash provided by operating activities	<u>\$ 11,227</u>	<u>\$ 18,006</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	\$ 115,463	\$ 9,746
Cash paid to other funds	<u>(0)</u>	<u>(0)</u>
Net cash provided by noncapital financing activities	<u>\$ 115,463</u>	<u>\$ 9,746</u>
Cash flows from capital and related financing activities:		
Note principal payments	\$ (56,829)	\$ (4,908)
Payments for plant and equipment	(395,226)	(0)
Increase/(Decrease) in customers' deposits payable	<u>650</u>	<u>1,250</u>
Net cash used for capital and related financing activities	<u>\$(451,405)</u>	<u>\$ (3,658)</u>
Cash flows from investing activities:		
Interest received	\$ 12,035	\$ 10,762
Interest paid	<u>(9,603)</u>	<u>(13,094)</u>
Net cash used for investing activities	<u>\$ 2,432</u>	<u>\$ (2,332)</u>
Net increase in cash and cash equivalents	\$(322,283)	\$ 21,762
Cash and cash equivalent, beginning of year	<u>352,706</u>	<u>330,944</u>
Cash and cash equivalent, end of year	<u>\$ 30,423</u>	<u>\$ 352,706</u>

(continued)

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Comparative Statement Of Cash Flows (continued)
For The Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (7,667)	\$ (7,186)
Adjustments to reconcile operating loss to net cash provided by/(used for) operating activities:		
Depreciation	23,708	23,565
Changes in current assets and liabilities:		
(Increase)/Decrease in accounts receivable	3,697	3,051
Increase/(Decrease) in accounts payable	469	(456)
Increase/(Decrease) in payroll taxes payable	(130)	(133)
Increase/(Decrease) in retirement withholding	143	0
Increase/(Decrease) in interest payable	(8,993)	(835)
Net cash provided by operating activities	<u>\$ 11,227</u>	<u>\$ 18,006</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of year		
Cash—unrestricted	\$ 4,770	\$ 2,623
Cash—restricted	<u>347,936</u>	<u>328,321</u>
Total cash and cash equivalents, beginning of year	<u>\$ 352,706</u>	<u>\$ 330,944</u>
Cash and cash equivalents, end of year		
Cash—unrestricted	\$ 9,607	\$ 4,770
Cash—restricted	<u>20,816</u>	<u>347,936</u>
Total cash and cash equivalents, end of year	<u>\$ 30,423</u>	<u>\$ 352,706</u>
Net Increase (Decrease)	<u>\$ (322,283)</u>	<u>\$ 21,762</u>

NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF PINE PRAIRIE, LOUISIANA

Notes to the Financial Statements

December 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Pine Prairie was incorporated in 1959 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

The financial statements of the Village of Pine Prairie, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's policies are described below.

1. Reporting Entity

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of an entity's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of an entity's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

The Village has implemented the general provisions of GASB Statement No. 34. The changes made by GASB Statement No. 34 are reflected in the accompanying financial statements (including the notes to the financial statements) with the exception of Management's Discussion and Analysis.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating

VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.

potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village of Pine Prairie had no other significant managerial responsibility over any other governmental unit that is not included in the financial statements.

2. Basis of Presentation

Governmental-Wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. The Village's funds are organized into two major categories: governmental and proprietary.

Governmental Funds

The funds of the Village are described below:

General Fund – The General Fund is the primary operating fund of the Village. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific sources that are legally restricted to expenditures for certain purposes.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal and interest made by the Sales Tax Fund. Sales taxes are used for the payment of principal and interest on the Village's note.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Proprietary Fund

Utility Fund – Utility Funds are used to account for the proceeds of sewer collection fees from the sewer system completed in 1990. These fees are used to operate and maintain the sewer system and pay the note from USDA.

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, ARB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities management may elect to apply all FASB Statement and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under control of the Village will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

3. Measurement focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

In the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurements focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of

VILLAGE OF PINE PRAIRIE NOTES TO FINANCIAL STATEMENTS, CONT'D.

operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting:

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the related liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

4. Assets, Liabilities, and Equity

Cash and Cash Equivalents

Cash includes amounts in demand deposit, interest bearing demand, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the municipality may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law, or any other state of the United States, or under the laws of the United States.

Receivables:

In the government-wide statements, receivables consist of all revenue earned at year-end and not yet received. In the fund financial statements, receivables include accruals for revenues which are measurable and available. Major receivable balances for the Villages' governmental activities reported in both the government-wide and the fund

VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.

financial statements include sales taxes and ad valorem taxes. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Sewer utility accounts receivable compose the majority of proprietary fund receivables.

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note G for details of interfund transactions, including receivables and payables at year-end.

Fixed Assets:

The accounting treatment of property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost of \$390,957 was used to value the majority of the assets acquired prior to January 1, 1988.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	5-10 years
Improvements	20 years
Buildings	40 years
Sewerage Disposal Plant	40 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.

Restricted Assets:

Restricted assets include cash and interest-bearing deposits of the debt service and proprietary funds. The primary restricted assets are related to bonds/note repayment, sewer utility meter deposits, and sewer plant remediation monies.

Long-Term Debt:

The accounting treatment of long-term debt depends on whether the liabilities are reported in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Equity Classifications:

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt-consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets-consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.
- c. Unrestricted net assets-all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. The Village's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

5. Revenues, Expenditures, and Expenses

Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of March 16 of each year. Taxes are levied by the Village in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on March 16 of the following year. Revenues from ad valorem taxes are recorded in the year billed.

The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Evangeline Parish.

Sales Taxes

Proceeds of the two percent (2%) sales and use tax are dedicated to the following purposes:

After paying the necessary cost of collection and administration, for the purpose of construction, maintenance, and repairs of all public streets and roadways within the Village of Pine Prairie.

The two percent (2%) sales tax is in effect for a period of twenty years, beginning January 1, 1998 and ending December 31, 2017.

Operating (Non-operating) Revenues and Expenses

Operating revenues and expense for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Expenditures:

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds—By Character:	Current
	Debt Service
	Capital Outlay

Proprietary Fund—By Operating and Nonoperating

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

6. Budget and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Village clerk prepares a proposed budget and submits same to the Mayor and Board of Alderman no later than fifteen days prior to the beginning of each fiscal year.
2. The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

8. Comparative Data

Comparative data for the prior year is presented for the year ended December 31, 2006. All data for the current year is presented for the year ended December 31, 2007.

NOTE B- STATEMENT OF CASH FLOWS

The statement of cash flows included in the accompanying component unit financial statements presents cash and cash equivalents at the beginning and end of the period. Cash equivalents are defined as short-term, highly liquid investments that are both:

VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

The statement of cash flows focuses on cash receipts and cash payments resulting from operating, non capital financing, capital and related financing, or investing activities.

Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as investing activities. Cash flows from operating activities generally are the cash effects of transactions and other events that enter into the determination of operating income.

Non capital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction or improvement of capital assets, regardless of the form of the borrowing. Also, included are certain other interfund and intergovernmental receipts and payments.

Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors on credit.

Investing activities include making and collecting loans and acquiring and disposing of debt or equity instruments.

NOTE C-AD VALOREM TAXES

For the twelve months ended December 31, 2007, the 2007 tax roll taxes of 21.86 mills were levied on property with assessed valuations totaling \$3,958,730 and were dedicated as follows:

General Corporate Purposes	5.21 Mills
Street Maintenance	6.88 Mills
Street Construction	4.92 Mills
Police Protection	1.97 Mills
Recreation	<u>2.88 Mills</u>
Total	<u>21.86 Mills</u>

Total taxes levied were \$86,538.

VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, is as follows:

	Balance 12/31/06	Additions	Retirements	Balance 12/31/07
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 83,732	\$ 0	\$ 0	\$ 83,732
Capital assets being depreciated:				
Machinery and Equipment	430,254	9,250	0	439,504
Improvements	2,102,327	21,866	0	2,124,193
Buildings	355,590	3,800	0	359,390
Total capital assets:	<u>\$ 2,971,903</u>	<u>\$ 34,916</u>	<u>\$ 0</u>	<u>\$ 3,006,819</u>
Less accumulated depreciation:				
Machinery and Equipment	\$ (238,959)	\$ 39,225	\$ 0	\$ (278,184)
Improvements	(959,046)	89,844	0	(1,048,890)
Buildings	(103,490)	7,216	0	(110,706)
Total accumulated depreciation	<u>\$(1,301,495)</u>	<u>\$ 136,285</u>	<u>\$ 0</u>	<u>\$(1,437,780)</u>
Governmental activities capital assets, net	<u>\$ 1,670,408</u>	<u>\$ 101,369</u>	<u>\$ 0</u>	<u>\$ 1,569,039</u>
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 121,125	\$ 0	\$ 0	\$ 121,125
Construction in Progress		395,226		395,226
Capital assets being depreciated :				
Machinery and Equipment	759,301			759,301
Total capital assets	<u>\$ 880,426</u>	<u>\$ 395,226</u>	<u>\$ 0</u>	<u>\$ 1,275,652</u>
Less accumulated depreciation:				
Machinery and Equipment	<u>\$ (376,964)</u>	<u>\$ 23,708</u>	<u>\$ 0</u>	<u>\$ (400,672)</u>
Total accumulated depreciation	<u>\$ (376,964)</u>	<u>\$ 23,708</u>	<u>\$ 0</u>	<u>\$ (400,672)</u>
Business type activities capital assets, net	<u>\$ 503,462</u>	<u>\$ 371,518</u>	<u>\$ 0</u>	<u>\$ 874,980</u>

VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 16,336
Public safety (Police)	21,524
Recreation	9,895
Streets	<u>88,530</u>
Total governmental activities	<u>\$136,285</u>
Business-type activities:	
Sewer utility	\$ 23,708
Total business-type activities	<u>\$ 23,708</u>
Total depreciation expense	<u>\$159,993</u>

NOTE E -LONG-TERM LIABILITIES

Long-Term Liability Activity:

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Balance 1/1/07	Additions	Retirements	Balance 12/31/07
<u>Governmental Activities:</u>				
Bonds Payable:	<u>\$469,000</u>	<u>\$ 0</u>	<u>\$ 42,000</u>	<u>\$427,000</u>
Total Governmental Activities:	<u>\$469,000</u>	<u>\$ 0</u>	<u>\$ 42,000</u>	<u>\$427,000</u>
<u>Business-Type Activities:</u>				
Notes Payable	<u>\$260,010</u>	<u>\$203,180</u>	<u>\$260,010</u>	<u>\$203,180</u>
Total Business-Type Activities:	<u>\$260,010</u>	<u>\$203,180</u>	<u>\$260,010</u>	<u>\$203,180</u>
Total Government	<u>\$729,010</u>	<u>\$203,180</u>	<u>\$302,010</u>	<u>\$630,180</u>

VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.

Description of Debt:

Governmental Activities:

Debt Service Fund – The Village issued \$742,000 Revenue Bonds, Series 2002 in January 2003 for the purpose of constructing and repairing public streets and roadways in the Village. The bonds bear interest at the rate of 5% per annum and mature over a period of fifteen years. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually on December 1.

Debt service requirements to maturity are as follows:

<u>Year Ended</u>	<u>Principal Amounts</u>	<u>Interest Amounts</u>
2008	\$ 44,000	\$ 21,350
2009	46,000	19,150
2010	48,000	16,850
2011	51,000	14,450
2012	53,000	11,900
2013-2017	<u>185,000</u>	<u>19,600</u>
Total	<u>\$427,000</u>	<u>\$103,300</u>

The bonds are secured by and payable solely from the pledge and dedication of the excess of annual revenues of the Village and the proceeds of the Village's two percent (2%) sales tax.

Enterprise Fund – The Village borrowed \$320,000 on a USDA Rural Development note for the construction of a sewer system. The note is a forty year, five percent note with annual payments of \$18,806 beginning in 1992. This note was paid out in 2007.

The Village committed to borrow \$445,000 on a USDA Rural Development note for the construction of a new sewer plant. The note is a 40 year, five percent note with the first payment being interest only on the first anniversary of the note, and then monthly payments with interest beginning the following month. At December 31, 2007, the Village had drawn \$203,180 against this loan.

VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.

Estimated debt service requirements to maturity are as follows:

<u>Year</u> <u>Ending</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Amounts</u>
2008	\$ 415	\$ 22,420
2009	3,846	22,142
2010	4,043	21,945
2011	4,250	21,738
2012	4,467	21,521
2013-2017	26,008	103,932
2018-2022	33,379	96,562
2023-2027	42,836	87,104
2028-2032	54,976	74,967
2033-2037	70,553	59,390
2038-2042	90,544	39,397
2043-2047	<u>109,683</u>	<u>13,762</u>
Total	<u>\$445,000</u>	<u>\$584,880</u>

NOTE F – COLLATERALIZATION OF CASH

Bank Balances at December 31, 2007	\$ 685,220
Less Amount Insured by FDIC	(115,512)
Less Amount Collateralized with Securities Pledged in the Village's Name	<u>(569,708)</u>

Uninsured/Uncollateralized Bank Balances at December 31, 2007	<u>\$ 0</u>
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The Village's cash was adequately collateralized at December 31, 2007.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE G – INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>General Fund</u>		
Due to Street Maintenance	\$	\$ 556
Due to Sales Tax		28,197
Due to Street Construction		337
Due from Sewer Funds	7,658	
<u>Special Revenue Funds</u>		
<u>Street Maintenance Fund</u>		
Due from General Fund	556	
Due to Sales Tax Fund		499
Due to Street Construction Fund		2,000
<u>Street Construction Fund</u>		
Due from General Fund	337	
Due from Street Maintenance Fund	2,000	
Due to Sales Tax		1,825
<u>Sales Tax Fund</u>		
Due from General Fund	28,197	
Due from Street Maintenance Fund	499	
Due from Sewer Fund	6,257	
Due from Street Construction	1,825	
<u>Enterprise Funds</u>		
<u>Sewer Fund</u>		
Due to Sales Tax Fund		6,257
Due to General Fund		7,658
TOTALS	<u>\$ 47,329</u>	<u>\$ 47,329</u>

NOTE H – LITIGATION

The Village attorney has stated that there is pending litigation against the Village. However, no estimate can be made at this time of any potential settlement that the Village could owe. Therefore, no liability has been accrued in the accompanying financial statements.

NOTE I – COMPENSATION OF MAYOR AND BOARD OF ALDERMEN

A schedule of compensation paid to the Mayor and Board of Aldermen is as follows:

	<u>Salary</u>	<u>Expenses</u>
Terry Savant (Mayor)	\$12,000	\$1,200
Greg Ardoin	3,000	1,200
Quint West	3,000	1,200
Tammy Hammond	3,000	1,200
Total	<u>\$21,000</u>	<u>\$4,800</u>

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

**NOTE J—MUNICIPAL POLICE EMPLOYEES RETIREMENT
SYSTEM OF LOUISIANA (SYSTEM)**

Plan Description- All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, (225) 929-7411.

Funding Policy- Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Village is required to contribute at an actuarially determined rate. The rate for the first six months of 2007 was 15.5 % of annual covered payroll. The current rate is 13.75% of annual covered payroll. The contribution requirements of plan members and the Village are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village's contributions to the System for the year ending December 31, 2007, were \$8,801, equal to the required contributions for that year, on covered payroll of \$60,258.

**NOTE K-MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM OF LOUISIANA
(SYSTEM)**

Eligible employees of the Village participate in the Municipal Employee's Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All electing employees of the municipality are members of Plan B.

VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding Policy – Under Plan B, members are required by state to contribute 5.0% of their annual covered salary and the Village is required to contribute at an actuarially determined rate. The current rate is 9.75%. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Village are established and may be amended by the state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village's contributions to the System under Plan B for the year ending December 31, 2007 was \$10,226, equal to the required contributions for the year, on covered wages of \$104,886.

NOTE L-PRIOR PERIOD ADJUSTMENTS

Debt Service Fund and Sales Tax Fund-Fund balance was increased by \$48,960 in the Debt Service Fund and decreased by \$48,960 in the Sales Tax Fund to correct amounts that had been posted as due to and due from that should have been posted as transfers in prior years.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE M-DELINQUENT AUDIT REPORT

The Village's bonds with USDA require the audit report to be submitted by March 31 of the year following the year being audited. The audit report was not submitted by this time.

NOTE N-LACK OF STAFF EXPERTISE IN FINANCIAL ACCOUNTING AND REPORTING

The Village's staff responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the Village's financial transactions or preparing its financial statements, including notes.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PINE PRAIRIE
General Fund
Budgetary Comparison Schedule
For The Year Ended December 31, 2007

	<u>Budget</u>			Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes: Property	\$ 39,608	\$ 38,701	\$ 60,041	\$ 21,340
Franchise	49,700	44,297	45,448	1,151
Licenses	23,000	33,216	43,449	10,233
Fines and Forfeits	348,643	340,500	332,601	(7,899)
Prison Fees	76,500	153,500	149,838	(3,662)
Miscellaneous	1,600	19,100	24,919	5,819
Grants	0	0	2,500	2,500
Total Revenues	<u>\$539,051</u>	<u>\$629,314</u>	<u>\$658,796</u>	<u>\$ 29,482</u>
Expenditures:				
Current:				
General Government	\$211,558	\$383,700	\$172,691	\$ 211,009
Public Safety	314,867	321,050	274,563	46,487
Capital Outlay	68,000	63,000	25,666	37,334
Total Expenditures:	<u>\$594,425</u>	<u>\$767,750</u>	<u>\$472,920</u>	<u>\$ 294,830</u>
Other Financing Sources / (Uses)				
Interest Income	\$ 0	\$ 0	\$ 7,919	\$ 7,919
Operating Transfers In	0	50,000	0	(50,000)
Operating Transfers Out	\$ 0	0	(88,868)	(88,868)
Total Other Financing Sources/(Uses)	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$(80,949)</u>	<u>\$(130,949)</u>
Net change in fund balances	\$(55,374)	\$(88,436)	\$104,927	\$ 193,363
Fund Balance, Beginning Of Year	<u>284,365</u>	<u>284,365</u>	<u>284,365</u>	
Fund Balance, End Of Year	<u>\$228,991</u>	<u>\$195,929</u>	<u>\$389,292</u>	<u>\$ 193,363</u>

VILLAGE OF PINE PRAIRIE
Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended December 31, 2007

	Budget			Variance With Final Budget Positive/ (Negative)
	Original	Final	Actual	
Revenues:				
Taxes: Property	\$ 46,864	\$ 46,040	\$ 32,045	\$ (13,995)
Sales	156,000	200,000	239,103	39,103
Miscellaneous	<u>0</u>	<u>11,000</u>	<u>1,698</u>	<u>(9,302)</u>
Total Revenues	<u>\$ 202,864</u>	<u>\$ 257,040</u>	<u>\$ 272,846</u>	<u>\$ 15,806</u>
Expenditures:				
Current:				
Street Department	\$ 234,918	\$ 210,700	\$ 181,008	\$ 29,692
Capital Outlay	<u>50,000</u>	<u>30,000</u>	<u>9,250</u>	<u>20,750</u>
Total Expenditures:	<u>\$ 284,918</u>	<u>\$ 240,700</u>	<u>\$ 190,258</u>	<u>\$ 50,442</u>
Other Financing Sources / (Uses)				
Interest Income	\$ 0	\$ 0	\$ 6,024	\$ 6,024
Operating Transfers In	0	0	28,226	28,226
Operating Transfers Out	<u>(160,988)</u>	<u>(204,240)</u>	<u>(156,951)</u>	<u>47,289</u>
Total Other Financing Sources/(Uses)	<u>\$(160,988)</u>	<u>\$(204,240)</u>	<u>\$(122,701)</u>	<u>\$ 81,539</u>
Net Change in Fund Balances	\$(243,042)	\$(187,900)	\$ (40,113)	\$ 147,787
Fund Balance, Beginning Of Year	408,824	408,824	408,824	(0)
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>(48,960)</u>	<u>(48,960)</u>
Fund Balance, End Of Year	<u>\$ 165,782</u>	<u>\$ 220,924</u>	<u>\$ 319,751</u>	<u>\$ 98,827</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

Street Maintenance Fund:

To account for the receipt and use of proceeds of the Village's 7.00 mill tax on all property subject to state taxation in the Village. The expenditures are for the purpose of maintaining streets in the Village.

Street Construction Fund:

To account for the receipt and use of proceeds of the Village's 5.00 mill tax on all property subject to state taxation in the Village. The expenditures are for the purpose of constructing streets in the Village.

Sales Tax Fund:

To account for the receipt and use of the Village's 2% sales and use tax. These taxes are dedicated for, after paying the necessary cost of collection and administration, the hard surfacing and resealing and maintaining of roads in the Village, and for the payment of bonds or other funded indebtedness of said Village incurred for said purposes.

Trees for the Village Fund:

To account for the receipt and use of proceeds of the Village's grant and donations for a Village Beautification Project.

VILLAGE OF PINE PRAIRIE
Special Revenue Funds
Combining Balance Sheet
December 31, 2007

	Street Maintenance Tax Fund	Street Construction Tax Fund	Sales Tax Fund	Trees for the Village Fund	Totals
ASSETS:					
Cash and Interest-Bearing Deposits	\$ 14,663	\$ 15,512	\$ 192,807	\$ 314	\$ 223,296
Ad Valorem Taxes Receivable	19,020	13,604			32,624
Sales Tax Receivable			29,559		29,559
Due from General Fund	556	337	28,197		29,090
Due from Street Maintenance Fund		2,000	499		2,499
Due from Sewer Fund			6,257		6,257
Due from Street Construction			1,825		1,825
Total Assets	<u>\$ 34,239</u>	<u>\$ 31,453</u>	<u>\$ 259,144</u>	<u>\$ 314</u>	<u>\$ 325,150</u>

LIABILITIES AND FUND BALANCES:

Liabilities:

Payroll Taxes Payable	\$	\$	\$ 1,075	\$	\$ 1,075
Due to Sales Tax Fund	499	1,825			2,324
Due to Street Construction Fund	<u>2,000</u>				<u>2,000</u>
Total Liabilities	<u>\$ 2,499</u>	<u>\$ 1,825</u>	<u>\$ 1,075</u>	<u>\$ 0</u>	<u>\$ 5,399</u>

Fund Balances:

Reserved for:					
Street Projects	\$ 31,740	\$ 29,628	\$ 258,069	\$	\$ 319,437
Unreserved				314	314
Total Fund Balances	<u>\$ 31,740</u>	<u>\$ 29,628</u>	<u>\$ 258,069</u>	<u>\$ 314</u>	<u>\$ 319,751</u>
Total Liabilities and Fund Balances	<u>\$ 34,239</u>	<u>\$ 31,453</u>	<u>\$ 259,144</u>	<u>\$ 314</u>	<u>\$ 325,150</u>

VILLAGE OF PINE PRAIRIE
Special Revenue Funds
Combining Statement Of Revenues, Expenditures,
And Changes In Fund Balances
For The Year Ended December 31, 2007

	Street Maintenance Tax Fund	Street Construction Tax Fund	Sales Tax Fund	Trees for the Village Fund	Totals
Revenue:					
Tax: Sales	\$	\$	\$ 239,103	\$	\$ 239,103
Property	18,998	13,047			32,045
Miscellaneous	1,698				1,698
Total Revenues	<u>\$ 20,696</u>	<u>\$ 13,047</u>	<u>\$ 239,103</u>	<u>\$ 0</u>	<u>\$ 272,846</u>
Expenditures:					
Current:					
Street Department	\$ 62,435	\$	\$ 118,573	\$	\$ 181,008
Capital Outlays	<u>9,250</u>				<u>9,250</u>
Total Expenditures	<u>\$ 71,685</u>	<u>\$ 0</u>	<u>\$ 118,573</u>	<u>\$ 0</u>	<u>\$ 190,258</u>
Other Financing Sources/(Uses)					
Interest Income	\$	\$ 1,166	\$ 4,858	\$	\$ 6,024
Operating Transfer In	28,226				28,226
Operating Transfer Out		<u>(75,000)</u>	<u>(81,951)</u>		<u>(156,951)</u>
Total Other Financing Sources/(Uses)	<u>\$ 28,226</u>	<u>\$ (73,834)</u>	<u>\$ (77,093)</u>	<u>\$ 0</u>	<u>\$ (122,701)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES / (USES)	\$ (22,763)	\$ (60,787)	\$ 43,437	\$ 0	\$ (40,113)
FUND BALANCE, BEGINNING OF YEAR	54,503	90,415	263,592	314	408,824
PRIOR PERIOD ADJUSTMENT	<u>0</u>	<u>0</u>	<u>(48,960)</u>	<u>0</u>	<u>(48,960)</u>
FUND BALANCE, END OF YEAR	<u>\$ 31,740</u>	<u>\$ 29,628</u>	<u>\$ 258,069</u>	<u>\$ 314</u>	<u>\$ 319,751</u>

MICHAEL W. JOHNSON

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Aldermen
Village of Pine Prairie, Louisiana

I have audited the financial statements of the Village of Pine Prairie, Louisiana (Village) as of and for the year ended December 31, 2007, and have issued my report thereon dated June 25, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more

than inconsequential will not be prevented or detected by the entity's internal control. I consider deficiencies 2007-1, 2007-2, and 2007-3 as described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

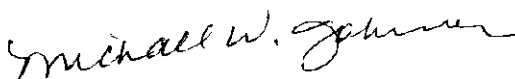
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I consider item 2007-2 of the significant deficiencies described above, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2007-3.

The Village's response to the findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit the Village's responses and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, the Mayor and Board of Alderman, others within the entity, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Michael W. Johnson,
Certified Public Accountant

June 25, 2008

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF FINDINGS AND MANAGEMENT'S
RESPONSES AND PLANNED CORRECTIVE ACTION
For the Year Ended December 31, 2007**

I have audited the basic financial statements of the Village of Pine Prairie, Louisiana as of and for the year ended December 31, 2007, and have issued my report thereon dated June 25, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2007, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

- a. Report on Internal Control over Financial Reporting and on Compliance and other matters material to the Financial Statements

Internal Control

Material Weaknesses X Yes No

Significant Deficiencies X Yes No

Compliance and other Matters Required to be Reported Under Government Auditing Standards X Yes No

Section II. Financial Statement Findings, Recommendations, and Management's Response

2007-1. Inadequate Segregation of Duties

Finding: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

2007-2. Reporting Deficiency

Finding: The Village's staff responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the organization's financial transactions or preparing its financial statements.

Cause: The organization's personnel lacks training in implementation of generally accepted accounting principles.

Recommendation: The CPA will prepare the financial statements; however, the organization's personnel will review and take responsibility for the financial statements and any adjusting journal entries.

2007-3. Delinquent Audit Report

Finding: The Village did not submit its audit report to USDA by March 31, 2008.

Cause: The Village's personnel lacks training in implementation of generally accepted accounting principles and financial statement preparation, including notes to the financial statements, therefore the Village must rely on its CPA to prepare the financial statements. This results in the audit report not being filed with USDA in the required time period.

Recommendation: Management will request an extension of time to file this report in the future.

Section II. Management Letter

None Issued.

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2007**

**SECTION I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

Finding 2006-1. Inadequate Segregation of Duties: No Recommendation

The segregation of duties is inadequate to provide effective internal control.

Finding 2006-2. Cash Not Adequately Collateralized: Resolved

Cash Was not adequately collateralized at December 31, 2006.

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To the Board of Aldermen
Village of Pine Prairie, Louisiana

The audited financial statements of the Village of Pine Prairie, Louisiana and my report thereon is presented in the preceding section of this report. The financial information presented hereinafter was derived from the accounting records tested by me as part of the auditing procedures followed in my examination of the aforementioned financial statements. However, I did not audit the information and express no opinion on it.

Michael W. Johnson

Michael W. Johnson

Certified Public Accountant

Eunice, Louisiana

June 25, 2008

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To the Board of Aldermen
Village of Pine Prairie, Louisiana

Supplemental Letter

I have audited the financial statements of the Village of Pine Prairie, Louisiana for the year ended December 31, 2007, and have issued my report thereon dated June 25, 2008. As part of my audit I made a study and evaluation of the Village of Pine Prairie, Louisiana's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation was necessary for expressing an opinion on the Village's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Village of Pine Prairie, Louisiana is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates, and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and may not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period

by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, my study and evaluation revealed the following significant deficiencies:

2007-1. Inadequate Segregation of Duties.

Finding: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

2007-2. Reporting Deficiency

Finding: The Village's staff responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the organization's financial transactions or preparing its financial statements.

Cause: The organization's personnel lacks training in implementation of generally accepted accounting principles.

Recommendation: The CPA will prepare the financial statements; however, the organization's personnel will review and take responsibility for the financial statements and any adjusting journal entries.

2007-3. Delinquent Audit Report

Finding: The Village did not submit its audit report to USDA by March 31, 2008.

Cause: The Village's personnel lacks training in implementation of generally accepted accounting principles and financial statement preparation, including notes to the financial statements, therefore the Village must rely on its CPA to prepare the financial statements. This results in the audit report not being filed with USDA in the required time period.

Recommendation: Management will request an extension of time to file this report in the future.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Village of Pine Prairie, Louisiana taken as a whole. However, I consider item 2007-2 of the significant deficiencies described above to be a material weakness.

The Village of Pine Prairie, Louisiana has insurance coverage of the following types, amounts, and expiration dates:

<u>TYPE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Automobile Liability	\$500,000	5/1/10
Commercial General Liability	500,000	5/1/10
Law Enforcement Officer's Comprehensive Liability	500,000	5/1/10
Public Officials' Errors and Omissions Liability	500,000	5/1/10
Worker's Compensation	500,000	1/1/08
Commercial Property		
Building	697,100	1/14/08
Contents	117,200	1/14/08
Fidelity Bond – Public Employees	100,000	5/16/08
Vehicle Physical Damage	117,100	6/15/08

Accounts Receivables were aged as follows:

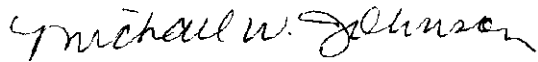
0 – 30 days	\$ 225
31 – 60 days	557
61 – 90 days	213
90 – 120 days	151
Over 120 days	<u>3,569</u>
	<u>\$4,715</u>

The Village's monthly sewer rates are as follows:

Residential users:	\$6.70 for the first 2000 gallons of water used and \$1.85 for every 1000 gallons used thereafter.
Commercial users:	\$80.00 for the first 100,000 gallons of water used and \$.50 for each 1000 gallons used thereafter.
Schools:	\$35.00 for the first 100,000 gallons of water used and \$.50 for each 1000 gallons used thereafter.

As of December 31, 2007, the Village had 335 residential customers and 28 commercial customers on its sewer system.

This report is intended solely for the use of management and United States Department of Agriculture and should not be used for any other purpose.

A handwritten signature in cursive script that reads "Michael W. Johnson".

Michael W. Johnson
Certified Public Accountant

Eunice, Louisiana
June 25, 2008